

FED. R. EVIDENCE 408(a)
FOR SETTLEMENT PURPOSES ONLY

ISP Environmental Services Inc., formerly ISP 9 Corp. ("IES"), assumes any and all environmental liabilities of G-I Holdings Inc. ("G-I"), ACI, Inc ("ACI" and collectively with G-I, the "Debtors"), GAF Corporation, GAF Chemicals Corporation, and their subsidiaries and affiliates to the United States Environmental Protection Agency ("EPA"), National Oceanic and Atmospheric Administration ("NOAA"), and the United States Department of the Interior, Fish and Wildlife Service ("DOI" and collectively with EPA and NOAA, the "United States Claimants") for the GAF Chemicals Site (EPA ID # NJD002185973; NJDEP Site ID (Master File) 66086; NJDEP PI # G000001667), the LCP Chemicals Inc. Superfund Site (EPA ID # NJDO79303020; NJDEP Site ID (Master File) 41246; NJDEP PI # G000003747) and the Diamond Alkali Site (EPA ID # NJD 980528996; NJDEP Site ID (Master File) 35956; NJDEP ID # 332812 (Newark Bay Study Area); NJDEP PI # 332799 (Passaic River Study Area) (collectively the "Linden Sites"). IES stipulates that it has assumed liability for, and is the corporate successor to GAF Corporation and GAF Chemicals Corporation with respect to any and all environmental liabilities for the Linden Sites. These assumed environmental liabilities by IES are in addition to any environmental liabilities at the Linden Sites for which IES may be independently potentially responsible.

Notwithstanding the foregoing, IES does not waive and reserves any and all defenses, set offs, claims, counterclaims, demands, rights or causes of action IES or any of the Debtors' subsidiaries, affiliates or predecessors currently have or may be entitled to in the future with respect to such environmental liabilities, except IES shall not raise any defenses: (1) based upon the discharge of such environmental liabilities in the Debtors' bankruptcy cases; (2) based upon the United States Claimants' withdrawal of their Proof of Claim in the Debtors' bankruptcy cases as it relates to the Linden Sites; or (3) based upon IES not being the corporate successor to any environmental liabilities of the Debtors, GAF Corporation, GAF Chemicals Corporation, or their subsidiaries or affiliates in connection with the Linden Sites. IES further agrees that the liability assumed pursuant to this Assumption of Liability Agreement will not be reduced on account of the Debtors' bankruptcy cases.

In consideration for this Assumption of Liability Agreement, the United States Claimants hereby withdraw such portion of the Proof of Claim respecting the Linden Sites filed in the Debtors' bankruptcy cases, and covenant not to sue the Debtors, or any of their subsidiaries or affiliates (other than IES) as set forth in paragraph ____ of the Settlement Agreement Among the United States Claimants and the Debtors for any claims or liabilities relating to the Linden Sites. In consideration for this Assumption of Liability Agreement, the Debtors covenant not to sue the United States Claimants as set forth in paragraph ____ of the Settlement Agreement Among the United States Claimants and the Debtors. This Assumption of Liability Agreement is solely for the benefit of the parties to this Assumption of Liability Agreement and may not be deemed an

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admission of IES by any entity not a party to this Assumption of Liability Agreement or be enforced, relied upon or utilized by any entity not a party to this Assumption of Liability Agreement.

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